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NIC 2609-83

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

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7 April 1983

MEMORANDUM FOR: Deputy Director for Intelligence

THROUGH : Chairman, National Intelligence Council

FROM : Jan P. Herring
National Intelligence Officer for Science & Technology

SUBJECT : SIG on Transfer of Strategic Technology

TIME & PLACE : 2:30 PM, Friday, 8 April
Room 7219, Department of State

Agenda Items of Interest

1. Copy of Agenda is attached (Tab A).
2. Interim Progress Reports (Item II on Agenda)

-- Progress reports will be passed out at the meeting.

-- Under Secretary Schneider, usually, does not discuss progress reports. However, he might raise recent DCI report [redacted]

[redacted] since it was done separately from the SIG study associated with [redacted] Follow-up Action Plan. You should know that the DCI report was stimulated by Lionel Olmer at Commerce and the DCI wanted to "energize" his Cabinet counterparts to take some action on illegal losses. The DCI paper was prepared by CIA, NSA, and Commerce -- the Agencies with ORCON control over the relevant intelligence -- with no Community coordination. The SIG study that provided the basis for Follow-up Actions Plan was prepared by TTIC and was fully coordinated by the IC. The main difference is that the SIG/TTIC study looked at all forms of transfers, legal and illegal and provided a "balanced" view [redacted] The DCI paper looked at illegal transfer activities over the last two years and takes a US view.

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-- A copy of the Status Report on Intelligence Studies (Item F) is attached (Tab C) for your information.

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3. Items for Discussion and Decision

A. A copy of the proposed SIG Work Program for NSSD 1-83, on US Technology Transfer Policy, is attached, Tab D. A copy of the NSSD itself is also attached at Tab E.

-- You should read the study plan over to get a sense of how the SIG effort is organized.

-- Its about time this effort was begun. I am not at all sanguine that the SIG study will accomplish the NSSD's objectives; just too many pieces of turf and too much ignorance on the true nature of the technology transfer problem. Also Congress is into the act now through the renewal of the Export Administration Act.

-- [] who you designated, will represent the DCI in the SIG sponsored effort. He will identify appropriate IC personnel for each of the NSSD's three working groups. 25X1

-- As a core group member, I will be cochairing the Working Group on Organization with Gus Weiss. This is probably the hoaryest assignment of the three groups since organizations and their turf will be the main concerns. [] OSWR detailee to the NSC, has a principal role to play. He briefed the President on the NSSD for Judge Clark and now feels a personal commitment to the effort. 25X1

-- Even though it sounds about right, the target date of 31 October 1983 is probably optimistic.

B. CoCom Progress Report and Modernization Plan

-- Efforts to strengthen and modernize CoCom will be a principal agenda item for the HLM in Paris now scheduled for 28-29 April. The US will explain its rationale for key proposals in the CoCom List Review; i.e., computer hardware and software, communications switching and robotics and press for approval of other items close to agreement

-- Other items include better export control enforcement and harmonization of licensing procedures to prevent third country diversions, upgrading the CoCom Secretariat, agreement for a Military Subcommittee in CoCom, and for serious study in the CoCom Ad Hoc Group on controls on oil and gas equipment and emerging technologies as part of the La Sapiniere East-West trade studies. As you know, TTAC and the IC are supporting all these endeavors through appropriate interagency mechanisms.

C. Missile Technology Controls

-- A copy of the SIG Report on the topic is attached, Tab F. OSWR has also prepared some background information for you on CIA's role in this effort. It too is at Tab F.

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D. Proposed Agreement with India

-- We have no SIG information on the topic as yet.

-- A background piece on the technology transfer situation is attached at Tab G. We briefed Ambassador Barnes on this problem when he was at Headquarters last summer [redacted]

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4. Other Business

A. Distribution of Final Visa Controls Paper

-- The only sticking point to completing this business has been INR's (Dean Howells) battle to keep the DCI from being listed as a possible appellant in the event that an IC organization disagrees with a State visa decision. Even after working out reasonable alternative language (See Tab H) with INR, Justice, and Schneider's office, Howells threatened to take the issue to the Secretary of State and derail the whole visa policy effort. The issue was only cleared up when Under Secretary Schneider called Hugh Montgomery and told him to get off the issue. (Interestingly, Howells had not even informed Montgomery of his efforts.)

-- This new policy on visa controls, i.e., denial of visas to Communist country S&T visitors on grounds of possible technology loss, is viewed by Schneider (and Buckley's) Staff as a major achievement and will be highlighted at the forthcoming High-Level CoCom meeting.

-- The use of this visa control policy will also put greater pressure on the TTIC's Sub-Committee on Exchanges (COMEX) to produce complete and objective assessments on proposed Communist S&T visitors and students since State visa denial actions depends heavily on TTIC/COMEX inputs.

Suggested
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B. European allies crack down on Soviet technology Acquisition Efforts

-- You may wish to mention that CIA's effort to enlist the help of allied intelligence services abroad is helping stem the loss of US and Western technology to the Soviet Bloc is beginning to pay off. (See background information at Tab I.)

-- Our effort, begun [redacted] in December 1981, has been directed at the internal security and intelligence services of some 15 countries [redacted] We have worked with them to both understand the nature of the threat to Western technology and develop appropriate operations to counter that threat.

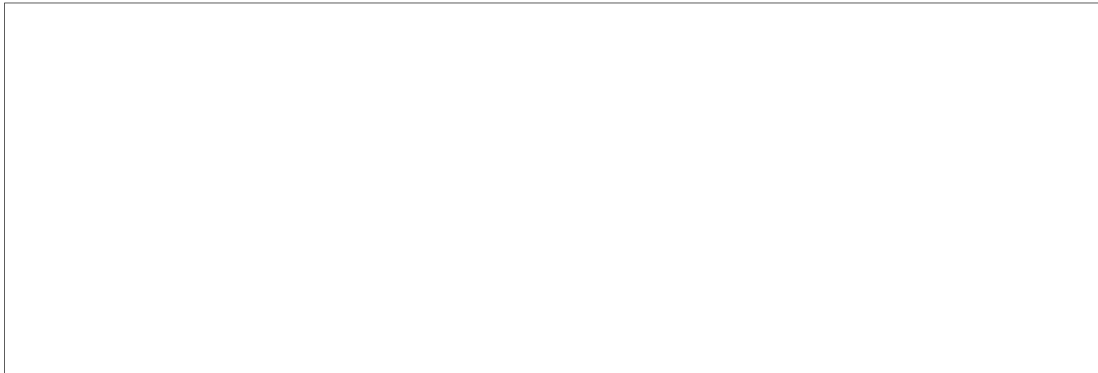
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-- Including the recent expulsions in France, Spain, and the UK, the Europeans have expelled 66 Soviets since mid-December, many of whom were involved in overt and clandestine collection of S&T intelligence. (That means Europeans 66, US "0".)

-- Although we believe this European effort is having its affect -- reports indicate a serious Soviet concern about this trend and some KGB residencies have been instructed to stand down on operational activities -- a good deal more needs to be done:

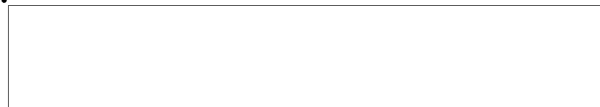


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This will require a joint counterintelligence and export enforcement effort on their parts, something that we are working toward now with US enforcement organizations.

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Jan P. Herring

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Attachments
As Stated

cc: DDCI

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